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November 19, 2002

EX PARTE

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th St. SW
Washington, D.C. 20554

Re: WC Docket 02-307 (CORRECTED)

Dear Ms. Dortch:

On November 18, 2002, the following persons representing BellSouth met with staff of the Wireline Competition Bureau to discuss issues raised by commenters in the above-referenced proceeding: Sean Lev, Ernest Bush, Jon Banks, Bob Blau, Kathie Levitz and Glenn Reynolds. FCC staff participating in this discussion were: William Maher, Greg Cooke, Christine Newcomb, Tamara Preiss, Josh Swift, Scott Bergmann, Jeff Carlisle, Rich Lerner, and Jeff Dygert. The information in the attached documents was presented to the staff at this meeting. This information includes an analysis, requested by the staff, of the impact on BellSouth's UNE rates that would result if the Commission found that the Florida PSC had improperly accounted for inflation in developing such rates. As demonstrated in these attachments, such an adjustment would lead to -- at most -- a reduction in UNE rate of between 1.1% and 2.2%.

In accordance with Commission rules, I am filing copies of this notice and request that it be included in the record of the proceeding identified above.

Sincerely,

Glenn T. Reynolds

Attachment

cc: William Maher, Jeff Carlisle, Rich Lerner, Tamara Preiss, Scott Bergmann, Greg Cooke, Jeff Dygert, Josh Swift, Christine Newcomb, Susan Pie, James Davis-Smith

THE FLORIDA PSC'S CONSISTENT REDUCTION OF RATES TO ENSURE THAT THEY ARE WELL WITHIN THE TELRIC RANGE

- In its 600-page May 25, 2001 pricing order, the Florida Public Service Commission ("FPSC") explained that it was "using the forward-looking cost standards authorized by Section 252(d)(1) of the 1996 Telecommunications" and the "FCC's rules and orders implementing that section of the Act," May 25, 2001 Order at 31, and established a full-set of TELRIC rates. No party disputes that the FPSC consistently sought to apply TELRIC.

- The FPSC simultaneously established a further "120-day" proceeding in which it required BellSouth to do a "bottoms-up" run of structure and cable investments for loops, instead of relying upon the in-plant factors that BellSouth had used in its original study.

- Consistent with this Commission's precedent in the *GA/LA Order* and the *Five State Order*, the FPSC could have relied upon BellSouth's in-plant factor methodology and not held this additional "120-day" proceeding.

- However, to ensure a pro-competitive environment, the FPSC did hold this additional proceeding, and the proceeding led to further reductions in BellSouth's loop rates -- reductions that well exceed the effect of BellSouth's use of inflation in calculating rates.

- Indeed, during the June 13, 2002 Special Agenda Session, at which the FPSC reviewed the FPSC staff's initial recommendation in the "120-day" proceeding *not* to change loop rates from the level set in 2001, FPSC Chairman Jaber specifically emphasized the need to lower loop rates below the level that the FPSC had adopted in 2001. Chairman Jaber stressed that UNE prices "have got to come down" and that, while the AT&T proposal of a $6.53 UNE-P rate in Zone 1 may be too low, "UNE pricing should be moving in that direction." June 13 Agenda Session Tr. 8, 17.

- Ultimately, in September 2002, the FPSC adopted new, lower loop rates. The UNE-P loop rate, for instance, was approximately **23% lower** than BellSouth's "bottoms up" proposal and about 8% below the rate that the FPSC set just last year.

- The rates were lower not because of any inherent difference in the in-plant factor and bottoms-up methodologies, but *because the FPSC adopted AT&T's proposed changes on a series of technical inputs that significantly affected rates.* Among other things, the FPSC:

    - adopted AT&T placing and splicing assumption (a $1.19 rate reduction on the UNE-P loop)

- adopted AT&T placement cost assumption (a $.53 rate reduction)
- eliminated the 25% closing factor and changed contract labor data (a $.57 reduction)
- corrected alleged calculation errors ($.85 reduction)
- adopted AT&T facility sharing assumption (a $.14 reduction)
- partially accepted AT&T's position on engineering factors (an approximate $.53 reduction)
- compromised on pole spacing to adopt a value between BellSouth and AT&T (an approximate $.14 reduction)

- Appendix A to the FPSC's September 27, 2002 order (provided with BellSouth's October 18, 2002 ex parte) shows the full set of rates that the FPSC recently adopted, and demonstrates that they are consistently lower than the rates that the FPSC approved in 2001 and that BellSouth proposed in the new proceeding.

FCC staff has requested that BellSouth quantify to the extent possible the impact associated with AT&T's allegation that the Florida PSC improperly accounted for inflation in developing UNE costs. While BellSouth continues to assert that the Florida Commission did not make any error in this regard, the following information is being provided in response to the staff's request. The information provided here represents BellSouth's best efforts at replicating the final compliance run performed by the Florida Commission staff at the end of the 120-Day cost proceeding.

To eliminate the alleged double-counting of inflation from the BSTLM calculations, the Inflation factors contained in the Material Loading table were set to one and the Engineering factors were adjusted such that inflation was excluded. The Order in the 120-day proceeding stated that the Engineering factors were "AT&T factors, adjusted for inflation." (Page 13) Thus, BellSouth went to AT&T's testimony that developed these factors and used those instead of attempting to guess at what inflation the Staff had included. (See Exhibit JCD-9, filed February 11, 2002, testimony of John Donovan) Additionally, the labor rate for BellSouth construction employees (splicers and placers) was adjusted to eliminate the 2000-2002 inflation factor.

The original input sheets contained in the Staff's BSTLM run are attached as Exhibit 1 and the revised input files, which eliminated inflation, are attached as Exhibit 2. Since only cable and structure were modeled using the bottoms-up approach, inflation must also be eliminated from the digital loop carrier accounts (257C) and from the switching accounts (377C)[1] in order to produce a loop with no inflation. Inflation for these accounts is applied in the BellSouth Cost Calculator. BellSouth created a scenario in the BellSouth Cost Calculator that reflected a 1.0 input for inflation for all accounts, i.e., no inflation is considered. Exhibit 3 replicates the data found on the Miscellaneous Factor screen in the BellSouth Cost Calculator and compares the original input and the input with no inflation.

The outputs of the BellSouth Cost Calculator confirm the adjustments made by BellSouth to eliminate inflation. Exhibit 4 contains output sheets for the UNE-P loop (element P.1.1) that displays the material prices, inflation factors, in-plant factors, supporting equipment &/or power loading factors, and the total investment. The first worksheet in Exhibit 4 is the output generated by the Staff's run. The second worksheet is from the run in which inflation has been eliminated. First, note that the material prices for cable accounts modeled using a bottoms-up approach are lower than those originally filed, reflecting the elimination of the inflation from the material prices and labor rates. Second, note that for all accounts the inflation factors are now set at 1, i.e., no inflation/deflation is considered.

Exhibit 5 provides a comparison between the "as filed" costs, which considered inflation, to those with the inflation impact eliminated for the unbundled 2-Wire Analog Loops (Service Level 1 & 2), the unbundled port, and the UNE-P loop and port. Additionally, the elements that comprise the UNE-P offering – loop, port, switching (usage), and features are compared. In order to estimate the impact of eliminating inflation on the

[1] The termination on the main distribution frame ("MDF") is coded to the 377C account.

"non-120 day" elements, specifically, the usage and feature elements, the percent difference between BellSouth's "as filed" costs and the adjusted (non-inflated) costs have been applied against the existing rates. This information was previously provided in BellSouth's November 15th ex parte.

Exhibit 5 also reflects additional runs that quantify the impact of the FPSC's adjustments to the cost of capital and depreciation parameters ordered in its May 25, 2001 Order. Using the non-inflated run as a base, BellSouth re-ran the BellSouth Cost Calculator with an 11.25% cost of capital – the input originally proposed. It is evident that the FPSC adjustment to a 10.24% cost of capital alone made a 5.1% - 6.1% reduction in BellSouth's costs. BellSouth then re-ran the base study (i.e., the non-inflated study) with the depreciation inputs originally proposed. A comparison of the results reflects the fact that this adjustment reduced BellSouth's costs by 2.1% - 9.6%. The combined impact of these two adjustments is a 7.8% - 14.8% reduction in BellSouth's costs.

The comparison filed by AT&T (Exhibit JK/BP-6) reflects results that are close to those obtained by BellSouth. Without explanation, AT&T chose only certain elements to present to this Commission. In testimony filed in this proceeding, AT&T has asserted that it uses only SL2 loops in Florida. Further, the UNE-P offering is the current medium used by most CLECs to gain entry to the residential market. Exhibit JK/BP-6 contains neither of these loops. Interestingly, the impact on SL2 loops is only 1.1%--significantly smaller than any of the elements presented by AT&T. Furthermore, while AT&T has shown the "per mile" element associated with dedicated interoffice transport (element D.2.1), it has failed to include the facility termination element (element D.2.2). This element shows an approximate 6% increase in cost if inflation (or more appropriately, deflation) is eliminated. Finally, the two elements that AT&T contends show largest downward impact of 5%– the unbundled copper loop long (2 wire and 4 wire)— constitute less than ½ of 1% of all CLEC loops in service in Florida

Based on FPSC Staff Run

Element	Description	Filed	Rate (*)	No Inflation	Impact of Inflation	11.25 % COM No Inflation	BellSouth Depreciation Input No Inflation	BellSouth Deprec. &11.25% COM No Inflation
A.1	2-WIRE ANALOG VOICE GRADE LOOP							
A.1.1	2-Wire Analog Voice Grade Loop - Service Level 1	$19.41	$15.20	$14.87	-2.2%	$15.75	$15.24	$16.12
A.1.2	2-Wire Analog Voice Grade Loop - Service Level 2	$21.61	$17.41	$17.21	-1.1%	$18.20	$17.57	$18.56
B.1	EXCHANGE PORTS							
B.1.1	Exchange Ports - 2-Wire Analog Line Port	$1.40	$1.40	$1.38	-1.4%	$1.45	$1.51	$1.58
P.1	2-WIRE VOICE GRADE LOOP WITH 2-WIRE LINE PORT							
P.1.1	2-Wire Voice Grade Loop	$18.09	$13.88	$13.53	-2.5%	$14.35	$13.89	$14.71
P.1.2	Exchange Port - 2-Wire Line Port	$1.17	$1.17	$1.15	-1.7%	$1.21	$1.26	$1.32

	Difference from Run w/ No Inflation	11.25 % COM No Inflation	BellSouth Depreciation Input No Inflation	BellSouth Deprec. &11.25% COM No Inflation
A.1	2-WIRE ANALOG VOICE GRADE LOOP			
A.1.1	2-Wire Analog Voice Grade Loop - Service Level 1	$0.88	$0.37	$1.25
A.1.2	2-Wire Analog Voice Grade Loop - Service Level 2	$0.99	$0.36	$1.35
B.1	EXCHANGE PORTS			
B.1.1	Exchange Ports - 2-Wire Analog Line Port	$0.07	$0.13	$0.20
P.1	2-WIRE VOICE GRADE LOOP WITH 2-WIRE LINE PORT			
P.1.1	2-Wire Voice Grade Loop	$0.82	$0.36	$1.18
P.1.2	Exchange Port - 2-Wire Line Port	$0.06	$0.11	$0.17

	% Difference from Run w/No Inflation	11.25 % COM No Inflation	BellSouth Depreciation Input No Inflation	BellSouth Deprec. &11.25% COM No Inflation
A.1	2-WIRE ANALOG VOICE GRADE LOOP			
A.1.1	2-Wire Analog Voice Grade Loop - Service Level 1	5.9%	2.5%	8.4%
A.1.2	2-Wire Analog Voice Grade Loop - Service Level 2	5.8%	2.1%	7.8%
B.1	EXCHANGE PORTS			
B.1.1	Exchange Ports - 2-Wire Analog Line Port	5.1%	9.4%	14.5%
P.1	2-WIRE VOICE GRADE LOOP WITH 2-WIRE LINE PORT			
P.1.1	2-Wire Voice Grade Loop	6.1%	2.7%	8.7%
P.1.2	Exchange Port - 2-Wire Line Port	5.2%	9.6%	14.8%

* BellSouth used the output from the Staff's runs and ran that output through the BellSouth Cost Calculator modified to reflect the FPSC's Orders. The statewide average rates reflect this process. If the distribution of lines by zone was used to generate the statewide average, the results are slightly different - SL1 - $15.27, SL2 - $17.49, and UNE-P - $13.95.

HCPM	FL			
Loop	$13.57			
Port	$0.93			
End Office	$2.17			
Signaling	$0.11			
Transport	$0.32			
EO+Signal+Trans	$2.60			
All Switch-Related (port + Usage)	$3.53			
Total - HCPM	$17.10			
UNE	**Rates**	**No Inflation**	**Difference**	**% Difference**
Loop (P.1.1)	$13.88	$13.53	-$0.35	-2.5%
Port (P.1.2)	$1.17	$1.15	-$0.02	-1.7%
Reflects FCC Usage Characteristics. Includes non-local calls.				
End Office	$1.59	$1.56	-$0.03	-1.8%
Signaling	$0.00	$0.00	$0.00	0.0%
Transport	$0.40	$0.42	$0.02	5.2%
EO+Signal+Trans	$1.99	$1.98	-$0.01	-0.4%
Features	$2.26	$2.22	-$0.04	-1.8%
All Switch-Related (Port + Usage + Features)	$5.42	$5.35	-$0.07	-1.2%
All Switch-Related (Port + Usage + 55% *Featur	$4.40	$4.35	-$0.05	-1.1%
Total	$19.30	$18.88	-$0.42	-2.2%
Total (55% Features)	**$18.28**	**$17.88**	**-$0.40**	**-2.2%**

Material Loading (Labor Rates And Loadings) ()

AerialCU	1.21256	0.07379	0.114723	0.06	0.342901	1.0914
AerialCU24G	1.21256	0.07379	0.114723	0.06	0.342901	1.0914
AerialFO	0.305805	0.07249	0.084625	0.06	0.144844	0.9605
BuildingCU	1.114668	0.08612	0.111335	0.06	0.273744	1.0914
BuildingCU24G	1.114668	0.08612	0.111335	0.06	0.273744	1.0914
BuildingFO	1.442284	0.09302	0.143729	0.06	0.348742	0.9605
BuriedCU	0.526531	0.10462	0.080962	0.06	0.226429	1.0795
BuriedCU24G	0.526531	0.10462	0.080962	0.06	0.226429	1.0795
BuriedFO	0.182974	0.11883	0.075209	0.06	0.093719	0.9605
BuriedTrenchCU	0	0	0	0	0	1
BuriedTrenchCU24G	0	0	0	0	0	1
BuriedTrenchFO	0	0	0	0	0	1
Conduit	0	0	0	0	0	0
DLCCOT	0	0	0	0	0	1
DLCRT	0	0	0	0	0	1
DropAndNidAerialCu	0	0	0	0	0	1
DropAndNidBuriedCu	0	0	0	0	0	1
IntrabuildingCU	1.633235	0.07947	0.146634	0.06	0.406793	1.0914
IntrabuildingCU24G	1.633235	0.07947	0.146634	0.06	0.406793	1.0914
IntrabuildingFO	2.344201	0.09803	0.165777	0.06	0.562154	0.9605
NIUCu	0	0	0	0	0	1
Pole	0.224429	0.09615	0.010813	0.06	0.161566	1.0737
SonetLoading	0	0	0	0	0	1
UndergroundCU	0.988971	0.0751	0.105462	0.06	0.271775	1.087
UndergroundCU24G	0.988971	0.0751	0.105462	0.06	0.271775	1.087
UndergroundFO	0.179838	0.05117	0.067492	0.06	0.078187	0.9605

Labor Rate (Labor Rates And Loadings) ()

DropPlacing	Drop Placing	29.02
Engineering	Engineering Plant or Test Direct Labor Costs/ Hour	0
Estimators	Estimators/Posting	0
Inspectors	Inspectors (Contract Administration-46)	0
Placing	Placing (44) Plant Direct Labor Costs per Hour	49.05
Splicing	Splicing (43) Plant Direct Labor Costs per Hour	49.05

INFLATION FACTOR COMPARISON

10C	1.0487	1.0487	1.0000
117C	1.0100	1.0100	1.0000
12C	1.0822	N/A	1.0000
12C4	1.0822	N/A	1.0000
157C	0.9703	0.9703	1.0000
1C	1.0768	N/A	1.0000
1CP	1.0768	N/A	1.0000
20C	1.0487	1.0487	1.0000
22C	1.0822	N/A	1.0000
22C4	1.0822	N/A	1.0000
257C	0.9800	0.9800	1.0000
357C	0.9412	0.9412	1.0000
377C	1.0201	1.0201	1.0000
377CP	1.0201	1.0201	1.0000
430C	1.0033	1.0033	1.0000
45C	1.0715	N/A	1.0000
45C4	1.0715	N/A	1.0000
4C	1.0700	N/A	1.0000
4CP	1.0700	N/A	1.0000
52C	1.0926	N/A	1.0000
52C4	1.0926	N/A	1.0000
530C	0.6885	0.6885	1.0000
5C	1.0926	N/A	1.0000
5C4	1.0926	N/A	1.0000
630C	0.6885	0.6885	1.0000
6C	1.0785	N/A	1.0000
6C4	1.0785	N/A	1.0000
812C	1.0201	N/A	1.0000
822C	1.0201	N/A	1.0000
845C	1.0405	N/A	1.0000
852C	1.0405	N/A	1.0000
85C	1.0000	N/A	1.0000
86C	1.0509	N/A	1.0000

In the bottoms-up run, a sub-FRC designation of 99 was created such that the BellSouth Cost Calculator did not apply inflation - thus, the N/A.
If inflation was added in the bottoms-up run, it would have been considered in the BSTLM and not in the BellSouth Cost Calculator.

Material Loading (Labor Rates And Loadings) ()

AerialCU	1.21256	0.07	0.114723	0.06	0.342901	1
AerialCU24G	1.21256	0.07	0.114723	0.06	0.342901	1
AerialFO	0.305805	0.07	0.084625	0.06	0.144844	1
BuildingCU	1.114668	0.09	0.111335	0.06	0.273744	1
BuildingCU24G	1.114668	0.09	0.111335	0.06	0.273744	1
BuildingFO	1.442284	0.09	0.143729	0.06	0.348742	1
BuriedCU	0.526531	0.1	0.080962	0.06	0.226429	1
BuriedCU24G	0.526531	0.1	0.080962	0.06	0.226429	1
BuriedFO	0.182974	0.11	0.075209	0.06	0.093719	1
BuriedTrenchCU	0	0	0	0	0	1
BuriedTrenchCU24G	0	0	0	0	0	1
BuriedTrenchFO	0	0	0	0	0	1
Conduit	0	0	0	0	0	0
DLCCOT	0	0	0	0	0	1
DLCRT	0	0	0	0	0	1
DropAndNidAerialCu	0	0	0	0	0	1
DropAndNidBuriedCu	0	0	0	0	0	1
IntrabuildingCU	1.633235	0.08	0.146634	0.06	0.406793	1
IntrabuildingCU24G	1.633235	0.08	0.146634	0.06	0.406793	1
IntrabuildingFO	2.344201	0.09	0.165777	0.06	0.562154	1
NIUCu	0	0	0	0	0	1
Pole	0.224429	0.09	0.010813	0.06	0.161566	1
SonetLoading	0	0	0	0	0	1
UndergroundCU	0.988971	0.07	0.105462	0.06	0.271775	1
UndergroundCU24G	0.988971	0.07	0.105462	0.06	0.271775	1
UndergroundFO	0.179838	0.05	0.067492	0.06	0.078187	1

Labor Rate (Labor Rates And Loadings) ()

Type	Labor Rate	Rate/Hour
DropPlacing	Drop Placing	29.02
Engineering	Engineering Plant or Test Direct Labor Costs/ Hour	0
Estimators	Estimators/Posting	0
Inspectors	Inspectors (Contract Administration-46)	0
Placing	Placing (44) Plant Direct Labor Costs per Hour	45.81
Splicing	Splicing (43) Plant Direct Labor Costs per Hour	45.81

Exhibit 4
(With Inflation)

BellSouth Telecommunications, Inc.

Florida
P.1.1 2-Wire Voice Grade Loop

With Inflation

Description	FRC	Sub FRC	A Material	B Inflation Factor	C=AxB Adjusted Material	D1 Plug-in Inventory Factor	D2 Mat'l Factor	D3 Telco Factor	D4 Plug-in Factor	D5 Hardwire Factor	E=Cx(D1xD2 x...xD5) In-Plant Investment	F Supporting Equipment &/or Power Loading	G=ExF Total Investment
						In-Plant Factors (Default = 1)							
Aerial Ca - Metal - Building Entrance - ACF only	12C	99	$1.8286	NA	$1.8286	NA	NA	NA	NA	NA	$1.8286	NA	$1.8286
Aerial Ca - Metal - Building Entrance 24-Guage - ACF only	12C4	99	$0.0262	NA	$0.0262	NA	NA	NA	NA	NA	$0.0262	NA	$0.0262
Poles - ACF only	1C	99	$14.1187	NA	$14.1187	NA	NA	NA	NA	NA	$14.1187	NA	$14.1187
Aerial Ca - Metal - Drop	22C	01	$6.2687	1.0822	$6.7838	NA	NA	NA	NA	NA	$6.7838	NA	$6.7838
Aerial Ca - Metal - ACF only	22C	99	$29.1893	NA	$29.1893	NA	NA	NA	NA	NA	$29.1893	NA	$29.1893
Aerial Ca - Metal 24-Guage - ACF only	22C4	99	$29.6472	NA	$29.6472	NA	NA	NA	NA	NA	$29.6472	NA	$29.6472
Digtl Circ - Pair Gain - C.O. - Hardwired - MCEP	257C	03	$3.0014	0.9800	$2.9414	NA	NA	NA	NA	2.5184	$7.4076	1.0251	$7.5931
Digtl Circ - Pair Gain - C.O. - Com. Plug-in - MCEP	257C	06	$9.5663	0.9800	$9.3749	NA	NA	NA	1.1682	NA	$10.9521	1.0251	$11.2265
Digtl Circ - Pair Gain - C.O. - Def. Plug-in - MCEP W/O Sp. Stock	257C	12	$6.8674	0.9800	$6.7301	NA	NA	NA	1.1682	NA	$7.8623	1.0251	$8.0592
Digtl Circ - Pair Gain - Prem - Hardwired - Power Only	257C	19	$0.7991	0.9800	$0.7831	NA	NA	NA	NA	2.5184	$1.9723	1.0205	$2.0127
Digtl Circ - Pair Gain - Prem - Com. Plug-in - Power Only	257C	22	$1.6184	0.9800	$1.5860	NA	NA	NA	1.1682	NA	$1.8529	1.0205	$1.8908
Digtl Circ - Pair Gain - Prem - Def. Plug-in - Power Only W/O Sp. Stock	257C	28	$4.0449	0.9800	$3.9640	NA	NA	NA	1.1682	NA	$4.6309	1.0205	$4.7257
Digtl Circ - Pair Gain - Remote - Hardwired - Power Only	257C	37	$25.4455	0.9800	$24.9365	NA	NA	NA	NA	2.5184	$62.8007	1.0205	$64.0861
Digtl Circ - Pair Gain - Remote - Com. Plug-in - Power Only	257C	40	$20.8111	0.9800	$20.3949	NA	NA	NA	1.1682	NA	$23.8260	1.0205	$24.3137
Digtl Circ - Pair Gain - Remote - Def. Plug-in - Power Only W/O Sp. Stock	257C	46	$30.8906	0.9800	$30.2728	NA	NA	NA	1.1682	NA	$35.3657	1.0205	$36.0896
Digital Elec Switch - MDF	377C	05	$3.4580	1.0201	$3.5276	NA	1.3249	NA	NA	NA	$4.6736	1.1011	$5.1460
Buried Ca - Metal - Drop	45C	01	$28.0119	1.0715	$30.0151	NA	NA	NA	NA	NA	$30.0151	NA	$30.0151
Buried Ca - Metal - ACF only	45C	99	$149.4666	NA	$149.4666	NA	NA	NA	NA	NA	$149.4666	NA	$149.4666
Buried Ca - Metal 24-Guage - ACF only	45C4	99	$59.3021	NA	$59.3021	NA	NA	NA	NA	NA	$59.3021	NA	$59.3021
Conduit Systems - ACF only	4C	99	$190.7781	NA	$190.7781	NA	NA	NA	NA	NA	$190.7781	NA	$190.7781
Intrbld Network - Metal - ACF only	52C	99	$10.4630	NA	$10.4630	NA	NA	NA	NA	NA	$10.4630	NA	$10.4630
Intrbld Network - Metal 24-Guage - ACF only	52C4	99	$0.3413	NA	$0.3413	NA	NA	NA	NA	NA	$0.3413	NA	$0.3413
Underground Ca - Metal - ACF only	5C	99	$16.7586	NA	$16.7586	NA	NA	NA	NA	NA	$16.7586	NA	$16.7586
Underground Ca - Metal 24-Guage - ACF only	5C4	99	$21.3945	NA	$21.3945	NA	NA	NA	NA	NA	$21.3945	NA	$21.3945
Aerial Ca - Fiber - Building Entrance - ACF only	812C	99	$0.0008	NA	$0.0008	NA	NA	NA	NA	NA	$0.0008	NA	$0.0008
Aerial Ca - Fiber - ACF only	822C	99	$1.3002	NA	$1.3002	NA	NA	NA	NA	NA	$1.3002	NA	$1.3002
Buried Ca - Fiber - ACF only	845C	99	$13.3625	NA	$13.3625	NA	NA	NA	NA	NA	$13.3625	NA	$13.3625
Underground Ca - Fiber - ACF only	85C	99	$0.7431	NA	$0.7431	NA	NA	NA	NA	NA	$0.7431	NA	$0.7431
											$736.8636		$740.6630

Source: BSCC 2.5

Exhibit 4
(No Inflation)

BellSouth Telecommunications, Inc.

Florida
P.1.1 2-Wire Voice Grade Loop

Without Inflation

Description	FRC	Sub FRC	A Material	B Inflation Factor	C=AxB Adjusted Material	D1 Plug-in Inventory Factor	D2 Mat'l Factor	D3 Telco Factor	D4 Plug-in Factor	D5 Hardwire Factor	E=Cx(D1xD2 x...xD5) In-Plant Investment	F Supporting Equipment &/or Power Loading	G=ExF Total Investment
						In-Plant Factors (Default = 1)							
Aerial Ca - Metal - Building Entrance - ACF only	12C	99	$1.6763	NA	$1.6763	NA	NA	NA	NA	NA	$1.6763	NA	$1.6763
Aerial Ca - Metal - Building Entrance 24-Guage - ACF only	12C4	99	$0.0241	NA	$0.0241	NA	NA	NA	NA	NA	$0.0241	NA	$0.0241
Poles - ACF only	1C	99	$13.4537	NA	$13.4537	NA	NA	NA	NA	NA	$13.4537	NA	$13.4537
Aerial Ca - Metal - Drop	22C	01	$6.2687	1.0000	$6.2687	NA	NA	NA	NA	NA	$6.2687	NA	$6.2687
Aerial Ca - Metal - ACF only	22C	99	$26.8107	NA	$26.8107	NA	NA	NA	NA	NA	$26.8107	NA	$26.8107
Aerial Ca - Metal 24-Guage - ACF only	22C4	99	$27.1276	NA	$27.1276	NA	NA	NA	NA	NA	$27.1276	NA	$27.1276
Digtl Circ - Pair Gain - C.O. - Hardwired - MCEP	257C	03	$3.0014	1.0000	$3.0014	NA	NA	NA	NA	2.5184	$7.5587	1.0251	$7.7481
Digtl Circ - Pair Gain - C.O. - Com. Plug-in - MCEP	257C	06	$9.5663	1.0000	$9.5663	NA	NA	NA	1.1682	NA	$11.1756	1.0251	$11.4556
Digtl Circ - Pair Gain - C.O. - Def. Plug-in - MCEP W/O Sp. Stock	257C	12	$6.8674	1.0000	$6.8674	NA	NA	NA	1.1682	NA	$8.0227	1.0251	$8.2237
Digtl Circ - Pair Gain - Prem - Hardwired - Power Only	257C	19	$0.7991	1.0000	$0.7991	NA	NA	NA	NA	2.5184	$2.0125	1.0205	$2.0537
Digtl Circ - Pair Gain - Prem - Com. Plug-in - Power Only	257C	22	$1.6184	1.0000	$1.6184	NA	NA	NA	1.1682	NA	$1.8907	1.0205	$1.9294
Digtl Circ - Pair Gain - Prem - Def. Plug-in - Power Only W/O Sp. Stock	257C	28	$4.0449	1.0000	$4.0449	NA	NA	NA	1.1682	NA	$4.7254	1.0205	$4.8222
Digtl Circ - Pair Gain - Remote - Hardwired - Power Only	257C	37	$25.4455	1.0000	$25.4455	NA	NA	NA	NA	2.5184	$64.0823	1.0205	$65.3940
Digtl Circ - Pair Gain - Remote - Com. Plug-in - Power Only	257C	40	$20.8111	1.0000	$20.8111	NA	NA	NA	1.1682	NA	$24.3122	1.0205	$24.8099
Digtl Circ - Pair Gain - Remote - Def. Plug-in - Power Only W/O Sp. Stock	257C	46	$30.8906	1.0000	$30.8906	NA	NA	NA	1.1682	NA	$36.0875	1.0205	$36.8261
Digital Elec Switch - MDF	377C	05	$3.4580	1.0000	$3.4580	NA	1.3249	NA	NA	NA	$4.5814	1.1011	$5.0444
Buried Ca - Metal - Drop	45C	01	$28.0119	1.0000	$28.0119	NA	NA	NA	NA	NA	$28.0119	NA	$28.0119
Buried Ca - Metal - ACF only	45C	99	$144.4103	NA	$144.4103	NA	NA	NA	NA	NA	$144.4103	NA	$144.4103
Buried Ca - Metal 24-Guage - ACF only	45C4	99	$54.7614	NA	$54.7614	NA	NA	NA	NA	NA	$54.7614	NA	$54.7614
Conduit Systems - ACF only	4C	99	$190.7781	NA	$190.7781	NA	NA	NA	NA	NA	$190.7781	NA	$190.7781
Intrbld Network - Metal - ACF only	52C	99	$9.5915	NA	$9.5915	NA	NA	NA	NA	NA	$9.5915	NA	$9.5915
Intrbld Network - Metal 24-Guage - ACF only	52C4	99	$0.3129	NA	$0.3129	NA	NA	NA	NA	NA	$0.3129	NA	$0.3129
Underground Ca - Metal - ACF only	5C	99	$15.3761	NA	$15.3761	NA	NA	NA	NA	NA	$15.3761	NA	$15.3761
Underground Ca - Metal 24-Guage - ACF only	5C4	99	$19.6440	NA	$19.6440	NA	NA	NA	NA	NA	$19.6440	NA	$19.6440
Aerial Ca - Fiber - Building Entrance - ACF only	812C	99	$0.0007	NA	$0.0007	NA	NA	NA	NA	NA	$0.0007	NA	$0.0007
Aerial Ca - Fiber - ACF only	822C	99	$1.3241	NA	$1.3241	NA	NA	NA	NA	NA	$1.3241	NA	$1.3241
Buried Ca - Fiber - ACF only	845C	99	$13.4532	NA	$13.4532	NA	NA	NA	NA	NA	$13.4532	NA	$13.4532
Underground Ca - Fiber - ACF only	85C	99	$0.7498	NA	$0.7498	NA	NA	NA	NA	NA	$0.7498	NA	$0.7498
											$718.2242		$722.0822

Source: BSCC 2.5